

Plaintiffs Arutyun Marsikyan and Payam Saadat ("Plaintiffs") bring this class action on behalf of themselves and all similarly situated persons who purchased or leased certain defective Mercedes Benz S-Class W-220 platform vehicles and Mercedes Benz CL Class W 215 platform vehicles manufactured and sold in the United States by Defendant Mercedes Benz USA, LLC (hereinafter "Mercedes Benz" or "Defendant").

INTRODUCTION

- 1. Mercedes Benz designed, manufactured, distributed, sold and leased Mercedes Benz S-Class W220 platform vehicles and CL Class W 215 platform vehicles for model years 2001 to 2006 (the "Class Vehicles") to Plaintiffs and Class Members nationwide.
- 2. At the time of sale or lease, the Class Vehicles were all equipped with a defective Air Intake System ("AIS" or "AIS System"). The AIS provides fresh air for the air conditioning system of the Class Vehicles. The Class Vehicles' AIS are uniformly and inherently defective in materials, design, and workmanship because they fail to prevent leaves, twigs, and other objects from entering the AIS, as explained in greater detail below. This failure causes the AIS to clog-up with water during rain or when the vehicle is washed. The water enters the vehicle's climate control system, and ultimately enters the cabin area of the Class Vehicles, resulting in substantial electric failure and damage due to the water damaging the computer, electrical system, and interior components of the Class Vehicles.
- 3. The Class Vehicles present a safety hazard and are unreasonably dangerous to consumers because of the danger of catastrophic engine and electrical system failure as a result of the flooding of the AIS with water while the vehicle is in operation. Due to electrical and other problems, the vehicle may be unsafe to drive due to water damage.
- 4. In addition, the cost of the AIS defect to consumers can be exorbitant because consumers will be required to pay hundreds, if not thousands of dollars, both

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to modify the defective AIS, and to repair the damage to the electrical system, the computer system, and other damage which will occur as a result of flooding, which will occur due to the defective AIS system.

- 5. Mercedes Benz knew or should have known that the AIS of the Class Vehicles are defective and not fit for their intended purpose. Nevertheless, Mercedes Benz has actively concealed and failed to disclose this defect to Plaintiffs and the Class Members at the time of purchase or lease and thereafter.
- 6. Furthermore, unknown to most Class Members, Mercedes Benz has engaged in unfair and selective reimbursement practices where it offers to pay, among other things, for the AIS defect and extend consumer's warranties. Mercedes Benz only provides compensation for the AIS defect to some consumers who complain loudly enough, however, and it does so pursuant to a systematic practice that results in disparate warranty treatment among its customers. For example, Defendant refused to pay/reimburse Plaintiffs for the costs associated with the clogging and flooding that occurred as a result of the AIS failure, which occurred during their vehicle's New Car Warranty, while Defendant has paid and/or reimbursed other noisy consumers who continuously persisted and demanded either payment or reimbursement.
- 7. Mercedes Benz has failed to inform the general public and all people who purchased Class Vehicles that it offers to pay, among other things, for the AIS defect and related damage. Moreover, MBUSA fails to inform prospective purchasers of Class Vehicles of the unfair and selective reimbursement practice. The net result of MBUSA's unfair and selective reimbursement practice is that only a fraction of Class Vehicle owners are notified of and/or benefit from the selective reimbursement practice. Consequently, Class Members purchased and continue to purchase Class Vehicles when they otherwise would not, and Class Members paid and continue to pay for repairs that, unbeknownst to them, are covered by MBUSA's unfair and selective reimbursement practice. Because of the latent nature of the AIS

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- defect and MBUSA's pattern of failing to disclose, concealing, and/or misleading purchasers of Class Vehicles about the existence of its unfair and selective reimbursement practice, Class Members pay for repairs that should be covered by MBUSA's selective reimbursement practice.
- 8. In addition, as early as 2001, upon information and belief, while Defendant repeatedly refused to pay the cost of replacing and/or modifying the defective AIS under the Class Vehicle's New Car Warranty, Defendant issued a written notice to its authorized dealers in which it implemented a cheaper, albeit temporary fix: namely a method of clearing, at no cost to consumers, for only one time the AIS' reed valve, rather than replacing and/or modifying the defective AIS under warranty. Defendant offered the reed valve clearing for some Class Vehicles and for only those customers who made a service visit to its dealerships.
- 9. The AIS clearing was a temporary fix because, among other things, it was not conducted on a continuing basis and as part of the Class Vehicles routine maintenance schedule.
- 10. In fact, Defendant has failed to include the reed valve clearing as a maintenance item in the Class Vehicles' maintenance booklet. In addition, Defendant's failure to inform all Class Members, including Plaintiffs, about the one time reed valve clearing has resulted in disparate warranty treatment among its customers.
- 11. Plaintiffs are informed and believe that Defendant is aware, and has been aware since 2001, if not before, that the one time AIS valve clearing does not fix the AIS defect. Rather, the one time AIS valve clearing simply prolongs the amount of time that will elapse before the AIS fails, to ensure that the AIS fails outside of warranty, so that Defendant can unfairly shift financial responsibility for the AIS defect on to consumers.
- 12. Despite notice of the defect from numerous consumer complaints, dealership repair orders, as well as various other sources, Mercedes Benz has not

recalled the Class Vehicles to repair the defect, has not offered all its customers a suitable repair, modification, or replacement of the AIS free of charge, and has not offered to reimburse Class Members who incurred costs relating to flooding which has occurred as the result of the defective AIS. Moreover, upon information and belief, in 2005, Mercedes Benz issued an internal bulletin acknowledging that the defective AIS system could be repaired, and provided in this bulletin a design for the fixes necessary to temporarily repair the AIS system which it implemented on some Class Vehicles.

13. As a result of Defendant's misconduct alleged herein, Plaintiffs and Class Members have been harmed and have suffered actual damages in that the AIS in the Class Vehicles are experiencing continuous and progressive failure problems, and the AIS' have failed and will continue to fail before their expected useful life has run.

THE PARTIES

The Plaintiffs:

- 14. Plaintiff Arutyun Marsikyan ("Marsikyan") is a California citizen who resides in Los Angeles County, California. Marsikyan purchased a new 2006 Mercedes S-430 in May of 2006. This vehicle was purchased primarily for personal, family or household purposes. This vehicle was manufactured, sold, distributed, advertised, marketed and warranted by Mercedes Benz, and bears the Vehicle Identification No. WDBNG70J66A468562.
- 15. In January of 2008, with approximately 18,241 miles on the odometer, Marsikyan sustained water related damage to his Class Vehicle when the vehicle's climate control system was flooded with water as a result of the of the AIS defect mentioned herein. As with all other Class Members, MBUSA never informed Mr. Marsikyan, through the subject vehicles' maintenance booklet or other sources, about the need to clear the reed valve on the Class Vehicles.
 - 16. On January 30, 2008, when Marsikyan brought the vehicle into a

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- 1 Mercedes Benz authorized dealer, Calstar Motors, Inc., in Glendale, California, he
- 2 was informed that the cost of repair to the AIS and the AIS related damage was
- 3 approximately \$6,113.15. Marsikyan was further advised by Calstar Motors, Inc.,
 - that the said damage was not covered under the vehicle's 4 year 50,000 miles New
- 5 Car Warranty.

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- 17. Marsikyan Declaration, as required under Cal. Civ. Code section 1780(c), which reflects that Mercedes Benz's principal place of business is in Los Angeles County, California, is attached as Exhibit 1.
- 18. On January 17, 2005, Plaintiff Payam Saadat ("Saadat") purchased a new 2004 Mercedes Benz S-500 from Mercedes Benz of Beverly Hills, Vehicle Identification Number WDBNG75J84A421698. This vehicle was purchased primarily for personal, family or household purposes. This vehicle was manufactured, sold, distributed, advertised, marketed and warranted by Mercedes Benz. As with all other Class Members, MBUSA never informed Mr. Saadat, through the subject vehicles' maintenance booklet or other sources, about the need to
- 19. In February of 2008, with 13,792 miles on the odometer, Saadat brought the vehicle into a Mercedes Benz authorized dealer, Mercedes Benz of Beverly Hills, and was advised that the cost of repair to the AIS and AIS related damage was approximately \$4,558. Saadat was further advised by Mercedes Benz of Beverly Hills, that the said damage was not covered under the vehicle's 4 year 50,000 miles New Car Warranty.
- 20. Sadaat's Declaration, as required under Cal. Civ. Code section 1780(c), which reflects that Mercedes Benz's principal place of business is in Los Angeles County, California, is attached as Exhibit 2.

The Defendant:

clear the reed valve on the Class Vehicles.

21. Mercedes Benz is a corporation organized and in existence under the laws of the State of New Jersey and registered with the California Department of

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1	Corporations to conduct business in California. At all time relevant herein, Mercedes						
2	Benz was engaged in the business of designing, manufacturing, constructing,						
3	assembling, marketing, and selling automobiles and other motor vehicles and motor						
4	vehicle components in Los Angeles, County and throughout the United States of						
5	America.						
6	<u>JURISDICTION</u>						
7	22. This is a class action.						
8	23. Members of the proposed Plaintiffs' Class are citizens of states other						
9	than the home state of Defendant.						
10	24. On information and belief, aggregate claims of individual Class						
11	Members exceed \$5,000,000.00, exclusive of interest and costs.						
12	25. Jurisdiction is proper in this Court pursuant to 28 U.S.C. Section						
13	1332(d).						
14	26. This Court also has general and specific jurisdiction over MBUSA, as						
15	MBUSA was engaged in unfair business practices directed at/or causing injury to						
16	persons residing, located or doing business in the United States.						
17	<u>venue</u>						
18	27. Defendant through its business of distributing, selling, and leasing its						
19	vehicles, has established sufficient contacts in this district such that it is subject to						
20	personal jurisdiction here. Defendant is deemed to reside in this district pursuant to						
21	28 U.S.C. section 1391(a).						
22	28. In addition, a substantial part of the events or omissions giving rise to						
23	these claims and a substantial part of the property that is the subject of this action are						
24	in this district.						
25	29. Venue is proper in this Court pursuant to 28 U.S.C. section 1391(a).						
26	FACTUAL ALLEGATIONS						
27	The Mercedes Benz Has A Defective Air Intake System						
28	30. For years, Mercedes Benz has designed, manufactured, distributed,						
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KNAPP, PETERSEN & CLARKE marketed, sold and leased Class Vehicles. Upon information and belief, it has sold, directly or indirectly through dealers and other retail outlets, thousands of Class Vehicles in California and nationwide.

- 31. The Class Vehicles contain a climate control system which is equipped with a defective AIS that is shaped like a box and located under the hood on the passenger side. The purpose of the AIS is to obtain fresh air from outside the vehicle to use in the climate control system. There is a grate located on the top of the box, which is designed to prevent leaves and other objects from entering the box. One side of the box is mounted to the firewall of the vehicle, where it meets an air filter. Air flows through the filter and travels into the climate control system. At the bottom of the box there is a reed valve. The reed valve serves as a drain, so that during the rain, or when the vehicle is washed, when water enters the box through the grate, it will drain through the reed valve.
- 32. The grate on top of the vehicle is not fine enough to prevent some leaves, twigs, and other objects from entering the AIS box. The reed valve is smaller and more restrictive than the grate, and as such is susceptible to being clogged by objects that enter the box through the grate. As a result, many consumers have experienced reed valve clogging. If the reed valve clogs, the AIS fills with water during a rain or when the vehicle is washed and enters the climate control system. When this occurs, many vehicles have suffered substantial electric failure, engine failure, and other damage, due to water damaging the computer and electrical system.
- 33. Mercedes Benz has been aware of this problem since 2001, if not earlier, and has issued a notice to its authorized dealerships, but not Class Members, which recommends that the AIS' reed valve should be cleared only once during the ownership of the vehicle. Mercedes Benz's remedy of clearing the reed valve once is not sufficient and does not resolve this problem. Furthermore, Mercedes Benz fails to warn customers about the need to clear the reed valve, about the fact that the AIS has a design defect making the vehicle susceptible to flooding, or about the possibility of

the reed valve clogging, resulting in vehicle flooding.

- Mercedes Benz through its own testing, records of customer complaints, 34. dealership repair orders, as well as various other sources, was well aware and knew of the defect contained in the AIS of the Class Vehicles. In fact, consumers have reported the defect contained in the AIS of the Class Vehicles to Mercedes Benz directly and through its dealers.
- Defendant knew that its Class Vehicles and AIS were defectively 35. designed or manufactured, would fail prematurely and were not suitable for their intended use.
- Defendant was under a duty to Plaintiffs and the Class to disclose the 36. defective nature of the AIS because:
- Defendant had exclusive knowledge or was in a superior position a. to know the true state of facts about the safety defect in the Class Vehicles' AIS;
- Plaintiffs and Class Members could not reasonably have been h. expected to learn or discover that the AIS' had a dangerous safety defect until manifestation of the failure and
- Defendant knew that Plaintiffs and the Class Members could not c. reasonably have been expected to learn or discover the safety defect.
- In failing to disclose the AIS defect, Defendant has knowingly and 37. intentionally concealed material facts and breached its duty not to do so.
- The facts concealed or not disclosed by Defendant to Plaintiffs and the 38. Class are material in that a reasonable consumer would have considered them to be important in deciding whether to purchase Defendant's Class Vehicles or pay a lesser price. Had Plaintiffs and the Class know the defective nature of the AIS, they would not have purchased the Class Vehicles or would have paid less for them.
- Plaintiffs and the Class reasonably expected the AIS to function 39. properly for the life of their vehicles. That is the reasonable and objective consumer expectation for vehicle AIS'.

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- As a direct and proximate result of Defendant's unfair or deceptive acts 40. or practices, Plaintiffs and the Class have suffered and will continue to suffer actual damages.
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- Moreover, Mercedes Benz issued an internal bulletin in 2005, setting 41. forth an alternative design of the AIS which would temporarily rectify the defective AIS. Mercedes-Benz implemented this bulletin on some Class Vehicles that suffered
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- water damage.
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- 42. Despite this, however, Mercedes Benz has actively concealed the existence and nature of the defect from Plaintiffs and Members of the Class at the time of purchase or lease and thereafter. Specifically, Mercedes Benz has:
- Failed to disclose, at and after the time of purchase or lease and a. repair, any and all known material defects or material nonconformity of the Class Vehicles, including the AIS' defective nature;
- Failed to disclose at the time purchase or lease that the Class b. Vehicles, including the AIS of the Class Vehicles, were not in good working order, were defective and were not fit for their intended purpose and
- Failed to disclose or actively concealed the fact that the AIS of c. the Class Vehicles were defective, despite the fact that Defendant learned of such defects thorough consumer complaints as early as 2001, if not before.
- Defendant has caused Plaintiffs and Members of the Class to expend 43. money at its dealerships or other repair facilities repairing, modifying, or replacing the defective AIS and the resulting damages, despite Defendant's knowledge of the defect.
- Mercedes Benz has failed and refused to recall, repair, correct or 44. adequately service Class Vehicles' defective AIS, instead instructing its dealers to conduct a one time cleaning of the AIS, that does nothing to permanently rectify the problem, while at the same time refusing to notify owners of Class Vehicles of the nature of the defect existing in their Class Vehicles. Furthermore, Mercedes Benz has

refused to pay for the damages that have been sustained to Class Vehicles as a result of this defect.

3 4 45. The Members of the Class have not received the value for which they bargained when they purchased or leased the Class Vehicles.

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46. As a result of the defects, the value of the Class Vehicles has diminished, including without limitation re-sale value.

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TOLLING OF THE STATUTE OF LIMITATIONS

Since the defects in the design or manufacture of the Class Vehicles and

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their AIS cannot be detected until the defect manifests, Plaintiffs and the Class were

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not reasonably able to discover the problem until long after purchasing or leasing the

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Class Vehicles, despite their exercise of due diligence.

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48. Plaintiffs and the Class Members had no realistic ability to discern that

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the AIS was defective until it failed. In addition, despite their due diligence, Plaintiffs and the Class Members could not reasonably have been expected to learn

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or discover that they were deceived and that material information concerning the AIS

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was concealed from them, until manifestation of the failure. Therefore, the discovery

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rule is applicable to the claims asserted by Plaintiffs and the Class Members.

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49. Moreover, MBUSA is under a continuous duty to disclose to the plaintiffs and the Class the true character, quality, and nature of the Class Vehicles

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and to disclose the existence of the defect and its unfair and selective reimbursement

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practice. MBUSA knowingly, affirmatively, and/or actively concealed the true

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character, quality, and nature of (i) the defect at issue, and (ii) its unfair and selective

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reimbursement practice, which concealment is ongoing, and did not disclose the

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existence of the selective reimbursement practice. Furthermore, Plaintiffs reasonably

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relied upon MBUSA's knowing, affirmative, and/or active concealment. Based on

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the foregoing, MBUSA is estopped from relying on any statutes of limitation in

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defense of this action.

50. The causes of action alleged herein did or will accrue only upon

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discovery of the latent defect, the unfair and selective reimbursement practice, and MBUSA's fraudulent concealment thereof. Plaintiffs and members of the Class did not discover and could not have discovered through the exercise of reasonable diligence the true nature of the defect and MBUSA's unfair and selective reimbursement practice.

CLASS ACTION ALLEGATIONS

- 51. Plaintiffs bring this class action pursuant to the provisions of Federal Rule of Civil Procedure 23, on behalf of themselves and all other persons similarly situated. This action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of Rule of Civil Procedure 23.
 - 52. The Class and Sub-Class that Plaintiffs seek to represent is defined as:

 Class: All persons throughout the United States (including Puerto Rico) who currently own or lease a model year 2001 through 2006 Mercedes-Benz S-Class (W220) or CL-Class (W215) vehicle.

 Sub-Class: All persons throughout the United States (including Puerto Rico)

who previously owned or leased a model year 2001 through 2006 Mercedes-Benz S-Class (W220) or CL-Class (W215) vehicle, and who incurred out-of-pocket, unreimbursed expenses related to repairs for water damage due to a clogged reed valve in the air/water duct during the period in which they leased or owned the vehicle.

Excluded from the class are: (1) all prior owners or lessees of the Vehicles who did not incur out-of-pocket, unreimbursed expenses for repair of water damage due to a clogged reed valve in the air/water duct during the period in which they leased or owned the vehicle; (2) the Judge assigned to this case and his or her immediate family; (3) all individuals or entities claiming to be subrogated to the rights of Class Members; (4) Vehicles currently owned by or leased to MBUSA, its parents, subsidiaries, affiliates, authorized Mercedes-Benz dealers, and their officers, directors and employees; and (5) any individuals with claims for personal injuries.

- 54. Typicality: The claims of representative Plaintiffs are typical of the claims of the Class in that the representative Plaintiffs, like all Class Members, purchased and leased a Class Vehicle designed and manufactured by Mercedes Benz in which the AIS is defective. The representative Plaintiffs, like all Class Members, have been damaged by Defendant's misconduct in that they have incurred or will incur the cost of replacing the AIS or repairing the damage caused by the Class Vehicles and their AIS. Furthermore, the factual bases of Mercedes Benz's misconduct are common to all Class Members and represent a common thread of fraudulent, deliberate and negligent misconduct resulting in injury to all Members of the Class.
- 55. <u>Commonality</u>: There are numerous questions of law and fact common to Plaintiffs and the Class which predominate over any questions affecting only individual Class Members. These common legal and factual issues include the following:
- a. Whether the Class Vehicles and the AIS manufactured by Mercedes Benz are defectively designed or manufactured such that they are not suitable for their intended use;
- b. Whether Mercedes Benz knew or should have known of the inherent design or manufacturing defect in the Class Vehicles;
- c. Whether Mercedes Benz fraudulently concealed from or failed to disclose to Plaintiffs and the Class the inherent problem with the Class Vehicles;
 - d. Whether the facts concealed or not disclosed by Defendant to

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KNAPP, PETERSEN & CLARKE consumer, and product defect class actions, and Plaintiffs intend to prosecute this action vigorously

57. Predominance and Superiority: Plaintiffs and the Members of the Class have all suffered and will continue to suffer harm and damages as a result of Defendant's unlawful and wrongful conduct. A class action is superior to other available methods for the fair and efficient adjudication of the controversy. Absent a class action, most Members of the Class would likely find the cost of litigating their claims prohibitively high and would therefore have no effective remedy at law. Because of the relatively small size of the individual Class Members' claims, it is likely that only a few Class Members could afford to seek legal redress for Defendant's misconduct. Absent a class action, Class Members will continue to incur damages and Defendant's misconduct will continue without remedy. Class treatment of common questions of law and fact would also be superior to multiple individual actions or piecemeal litigation in that class treatment will conserve the resources of the courts and the litigants, and will promote consistency and efficiency of adjudication

FIRST CAUSE OF ACTION

Breach of Express Warranty

- 58. Plaintiffs hereby incorporate by reference the allegations contained in the preceding paragraphs of this complaint.
- 59. Plaintiffs bring this cause of action on behalf of themselves and on behalf of the Members of the Class and Sub-Class.
- 60. The warranty Mercedes Benz provided Plaintiffs and Class Members with the sale or lease of Class Vehicles became part of the basis of the bargain, and therefore constitutes an express warranty. Any limitation in connection with the Class Vehicles' express warranty and its AIS System is unconscionable.
- 61. Defendant sold the Class Vehicles under Mercedes Benz's express warranty. The AIS is a system which is covered under the express warranty. The

KNAPP, PETERSEN & CLARKE warranty provision expressly promises, among other things, that Defendant will repair any defects in materials and workmanship within four years or 50,000 miles, whichever occurs first. The express Warranty language states as follows:

Items Which Are Covered:

DEFECTS: Mercedes Benz USA, LLC (MBUSA) warrants to the original and each subsequent owner of a new Mercedes-Benz passenger car that any authorized Mercedes-Benz Center will make any repairs or replacements necessary, to correct defects in material or workmanship arising during the warranty period.

- 62. Mercedes Benz breached its express warranty to Plaintiffs and the Class by (a) selling Class Vehicles with a defective AIS System that is substantially certain to fail within the useful life of the vehicle; (b) failing to notify Plaintiffs and the Class of the AIS defect so they can have their vehicles inspected and repaired prior to expiration of the express warranty; and (c) failing to pay for Plaintiffs and the Class' AIS defect and the related repairs under the warranty.
- 63. Moreover, when Plaintiffs and other members of the Class contacted Defendant or its authorized agent for repairs during the Class Vehicles' 4 year/50,000 miles warranty, Defendant failed to provide and pay for parts or service which corrected the problem under warranty, as required by the terms of the Class Vehicles' express warranty.
- 64. Plaintiffs and the class have suffered substantial economic loss as the direct and proximate result and consequence of the breach of warranty by defendant.
- damage under the terms of the express warranty has caused the warranty to fail for its essential purpose, as a result of which Plaintiffs and the Class are entitled to damages flowing from the breach of express warranty. Plaintiffs and the Class are also entitled to equitable relief, including specific performance, and a declaration that MBUSA breached its written warranties.

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SECOND CAUSE OF ACTION

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Violation of State Consumer Protection Statutes

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66. Plaintiffs hereby incorporate by reference the allegations contained in the preceding paragraphs of this Complaint.

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67. Plaintiffs bring this cause of action on behalf of themselves and on behalf of the Members of the Class and Sub-Class.

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68. Mercedes Benz knowingly concealed, suppressed, or omitted the material facts from Class Members, including the fact that the Class Vehicles and AIS were defectively designed or manufactured, would fail prematurely and were not suitable for their intended use.

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69. In failing to disclose the AIS defect, Defendant has knowingly and intentionally concealed material facts and breached its duty not to do so.

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70. Mercedes Benz further knowingly concealed, suppressed, or omitted that it maintains an unfair and selective reimbursement practice whereby it will pay for, among other things, AIS defect and AIS defect related repairs and extend

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consumers' warranties.

71. Mercedes Benz's use of an unfair and selective reimbursement practice

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is an unfair business practice in that only a fraction of Class Vehicle owners are notified of or benefit from this selective program. Mercedes Benz has benefitted and

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continues to benefit from Class Members' payments for repairs that, unbeknownst to

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them, are covered by Mercedes Benz's unfair and selective reimbursement practice.

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72. As a direct and proximate cause of Mercedes Benz's misconduct,

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Plaintiffs and Class members have suffered ascertainable loss of money or property in that among other things: (a) they have paid for repairs that should be covered by

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in that, among other things: (a) they have paid for repairs that should be covered by

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Mercedes Benz's selective reimbursement practice; and (b) they paid for Class Vehicles that they would not have purchased or leased had they known of the AIS

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defect.

73. Plaintiffs allege that MBUSA's conduct violates the following state

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	1	unfair and deceptive acts and practices laws:				
	2	a. Alabama Deceptive Trade Practices Act (Ala. Code § 8-19-1 et				
	3	seq.);				
	4	b. Alaska Unfair Trade Practices and Consumer Protection Act				
	5	(Alaska Stat. § 45.50.471 et seq.);				
	6	c. Arizona Consumer Fraud Statute (Ariz. Rev. Stat. Ann. § 44-1521				
\	7	et seq.);				
	8	d. Arkansas Deceptive Trade Practices Act (Ark. Code Ann. 4-88-				
	9	101 et seq.);				
	10	e. California Consumers Legal Remedies Act (Cal. Civil Code §				
	11	1750 et seq.) and Unfair Competition Law (Cal. Bus. & Prof. Code § 17200 et seq.);				
	12	f. Colorado Consumer Protection Act (Colo. Rev. Stat. § 6-1-101 et				
	13	seq.);				
	14	g. Connecticut Unfair Trade Practices Act (Conn. Gen. Stat. § 42-				
	15	110a et seq.);				
	16	h. Delaware Consumer Fraud Act (De. Code Ann. Tit. 6, § 2511 et				
	17	seq.) and Delaware Deceptive Trade Practices Act (Del. Code Ann. Tit. 6, § 2531 et				
	18	seq.);				
	19	i. District of Columbia Consumer Protection Procedures Act (D.C.				
	20	Code Ann. § 28-3901 et seq.);				
	21	j. Florida Deceptive and Unfair Trade Practices Act (Fla. Stat. Ann.				
	22	§ 501.201 et seq.) and Florida False Advertising Statutes (Fla. Stat. Ann. § 817-40 et				
	23	seq.);				
	24	k. Georgia Uniform Deceptive Trade Practices Act (Ga. Code Ann.				
	25	§ 10-1-370 et seq.); Fair Business Practices Act (Ga. Code Ann. § 10-1-390 et seq.);				
	26	and False Advertising Statute (Ga. Code Ann. § 10-1-420 et seq.);				
KNAPP,	27	1. Hawaii Federal Trade Commission Act (Hawaii Rev. Stat. § 481				
PETERSEN & CLARKE	28	et seq.) and the Uniform Deceptive Trade Practice Act (Hawaii Rev. Stat. § 481A et				
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seq.);
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                      Idaho Consumer Protection Act (Idaho Code § 48-601 et seq.);
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               m.
                      Indiana Deceptive Consumer Sales Act (Ind. Code Ann. § 24-5-
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                n.
   0.5-1 et seq.);
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                      Iowa Consumer Fraud Act (Iowa Code Ann § 714.16);
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                0.
                      Kansas Consumer Protection Act (Kan. Stat. Ann. § 50-623 et
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   seq.)
                      Kentucky Consumer Protection Act (Ky. Rev. Stat. § 367.110 et
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                q.
   seq.);
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                      Louisiana Unfair Trade Practices and Consumer Protection Law
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                r.
   (La. Rev. Stat. Ann. § 51:1401);
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                      Marine Unfair Trade Practices Act (Me. Rev. Stat. Ann. Tit. 5 §
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   206 et seq.) and Uniform Deceptive Trade Practices Act (Me. Rev. Stat. Ann. Tit. 10
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   § 1211 et seq.);
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                      Maryland Consumer Protection Act (Md. Com. Law Code Ann.
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   §§ 13-101 et seq., 14-101 et seq.);
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                      Massachusetts Consumer Protection Act (Mass. Gen. Laws Ann.
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                u.
    Ch. 93A);
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                      Michigan Consumer Protection Act (Mich. Comp. Laws Ann. §
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                v.
   445.901 et seq.) and Michigan Pricing and Advertising Act (Mich. Comp. Laws Ann.
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    § 445.351 et seq.);
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                      Minnesota Consumer Fraud Act (Minn. Stat. Ann. § 325 F. 69);
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                w.
    the False Statement in Advertisement Statute (Minn. Stat. Ann. § 325 F. 67); the
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    Uniform Deceptive Trade Practices Act (Minn. Stat. Ann. § 325D.44; and the
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    Unlawful Trade Practices Act (Minn. Stat. Ann. § 325D.13);
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                      Mississippi Consumer Protection Act (Miss. Code Ann. § 75-24-1
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                X.
    et seq.) and False Advertising Statutes (Miss. Code Ann. § 97-23-3);
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                      Missouri Merchandising Practices Ace (Mo. Rev. Stat. § 407.020
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et seq.);
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                      Montana Unfair Trade Practices and Consumer Protection Act
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                z.
   (Mont. Code Ann. § 30-14-101 et seq.) and Statutory Deceit Statute (Mont. Code
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   Ann. § 27-1-712);
 4
                      Nebraska Consumer Protection Act (Neb. Rev. Stat. § 59-1601 et
 5
                aa.
   seq.) and Nebraska Uniform Deceptive Trade Practices Act (Neb. Rev. Stat. § 87-
 6
   301 et seq.);
 7
                      Nevada Deceptive Trade Statutes (Nev. Rev. Stat. §§ 598.0903 et
                bb.
 8
   seq., 41.600 et seq.);
 9
                      New Hampshire Regulation of Business Practices for Consumer
10
                cc.
    Protection Act (N.H. Rev. Stat. Ann. § 358-A:1 et seq.);
11
                      New Jersey Consumer Fraud Act (N.J. Stat. Ann. § 56:8-1 et seq.)
                dd.
12
                      New Mexico Unfair Practices Act (N.M. Stat. Ann. § 57-12-1 et
13
                ee.
14
    seq.)
                      New York Consumer Protection Act (N.Y. Gen. Bus. Law §§
                ff.
15
    349, 350);
16
                      North Carolina Unfair and Deceptive Trade Practices Act (N.C.
17
                gg.
    Gen. Stat. § 75-1.1 et seq.);
18
                       North Dakota Deceptive Act or Practice Statutes (N.D. Gen. Stat.
                hh.
19
    § 51-15-01 et seq.);
20
                       Ohio Consumer Sales Practices Act (Ohio Rev. Code Ann. §
                ii.
21
    1345.01 et seq.);
22
                       Oklahoma Consumer Protection Act (Okla. Stat. Ann. Tit. 15 §
23
                ij.
    751 et seq.) and Oklahoma Deceptive Trade Practices Act (Okla. Stat. Ann. Tit. 78 §
24
    51 et seq.)
25
                       Oregon Unlawful Trade Practices Act (Or. Rev. Stat. 646.605 et
                kk.
26
    seq.) and Oregon Food and Other Commodities Act (Or. Rev. Stat. § 616.005 et
27
28
    seq.);
                                            -20-
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	1		11.	Pennsylvania Unfair Trade Practices Act and Consumer			
	2	Protection Law (Pa. Stat. Ann. Tit. 73 § 201-1 et seq.);					
	3		mm.	Rhode Island Consumer Protection Act (R. I. Gen. Law § 6-13.1-			
	4	1 et seq.);					
	5		nn.	South Carolina Unfair Trade Practices Act (S.C. Code Ann. § 39-			
	6	5-10 et seq.);					
	7		00.	South Dakota Deceptive Trade Practices and Consumer			
	8	8 Protection Law (S.D. Codified Laws Ann. § 37-24-1 et seq.);					
	9		pp.	Tennessee Consumer Protection Act (Tenn. Code Ann. § 47-18-			
	10	101 et seq.);					
	11		qq.	Texas Deceptive Trade Practices Act (Tex. Bus. & Com. Code			
	12	Ann. § 17.41 et seq.)					
	13		rr.	Utah Consumer Sales Practices Act (Utah Code Ann. § 13-11-1 et			
	14	seq.) and Utah Truth in Advertising Act (Utah Code Ann. § 13-11a-1 et seq.);					
	15		SS.	Vermont Consumer Fraud Statute (Vt. Stat. Ann. Tit. 9, § 2451 et			
	16	seq.);					
	17		tt.	Virginia Consumer Protection Act (Va. Code 59.1-196 et seq.);			
	18	·	uu.	Washington Consumer Protection Act (Wash. Rev. Code Ann. §			
	19	19.86 et seq.);					
	20		vv.	West Virginia Consumer Credit and Protection Act (W. Va. Code			
	21	§ 46A-6-101 et seq.);					
	22		ww.	Wisconsin Fraudulent Representations Act (Wis. Stat. Ann. §			
	23	100.18 et seq.); and					
	24		xx.	Wyoming Consumer Protection Act (Wyo. Stat. § 40-12-101 et			
	25	seq.).					
	26	74.	Plain	tiff Marsikyan served Defendant via certified mail with Consumer			
KNAPP,	27	Legal Remo	edies A	act notification and demand letters satisfying the requirements of			
PETERSEN & CLARKE	28	the California's Consumer's Legal Remedies Act or similar requirements in other					
				-21-			

Consumer Protection Statutes. After 30 days of the receipt of the notification letters, Defendant failed to respond (other than to acknowledge receipt of the letters) and failed to provide appropriate relief for the violations of the CLRA. Any additional notice would be futile and unnecessary.

THIRD CAUSE OF ACTION

Breach of Implied Warranty of Merchantability

- 75. Plaintiffs hereby incorporate by reference the allegations contained in the preceding paragraphs of this Complaint.
- 76. Plaintiffs bring this cause of action on behalf of themselves and on behalf of the Members of the Class and Sub-Class.
- 77. Mercedes Benz's implied warranty of merchantability accompanied the sale of the Class Vehicles sold to Plaintiffs and Class Members.
- 78. Mercedes Benz is a merchant in the sale of the Class Vehicles to Plaintiffs and Class Members. Mercedes Benz manufactures, markets, distributes and sells the Class Vehicles equipped with the defective AIS. Mercedes Benz provided Plaintiffs and Class Members with an implied warranty that the Class Vehicles were merchantable and fit for the ordinary purposes for which they were sold, including but not limited to providing safe and reliable transportation. The Class Vehicles are not fit for their ordinary purpose because, among other things, they present a safety hazard and are unreasonably dangerous to consumers because of the danger of catastrophic engine and electrical system failure that can occur due to flooding of the defective AIS System with water while the vehicle is in operation.
- 79. The alleged defects are so basic that they render the Class Vehicles unfit for the ordinary purpose of providing reliable and safe transportation.
- 80. Mercedes Benz knew or had reason to know that Plaintiffs and Class Members purchased or leased Class Vehicles to obtain safe and reliable transportation in connection with their operation of the Class Vehicles.
 - 81. The Class Vehicles do not conform to the promises and affirmations

KNAPP, PETERSEN 28

- 82. Plaintiffs and Class Members have used the Class Vehicles for their intended and ordinary purpose of providing transportation.
- 83. Plaintiffs and Class Members have performed each and every duty required under the terms of the warranties, except as may have been excused or prevented by the conduct of MBUSA or by operation of law in light of MBUSA's unconscionable conduct, including MBUSA's acts of concealment and failure to inform Class Members about its unfair and selective reimbursement whereby it will pay, among other things, for AIS defect repairs and extend consumer's warranties.
- 84. Plaintiffs and Class Members have provided sufficient and timely notice to MBUSA regarding the problems they experienced with the Class Vehicles and, notwithstanding such notice, Defendant has failed and refused to offer Plaintiffs and Class Members an effective remedy. In addition, MBUSA has received, on information and belief, numerous complaints and other notices from consumers advising them of the defects associated with the defective AIS contained in the Class Vehicles.
- 85. By virtue of the conduct described herein, Defendant breached the implied warranty of merchantability.
- 86. Plaintiffs and Class Members have been damaged as a direct and proximate result of Defendant's breach of the implied warranty

RELIEF REQUESTED

Plaintiffs, on behalf of themselves, and all others similarly situated, request the Court to enter judgment against Defendant, as follows:

- 87. An order certifying the proposed Class and Sub-Class, designating Plaintiffs as named representative of the Class and Sub-Class and Plaintiffs counsel as Class Counsel;
 - 88. A declaration that Defendant is financially responsible for notifying all

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Class Members of the problems with its defective AIS; 1 Actual damages in an amount to be determined at trial; 2 89. An order enjoining Defendant from further deceptive distribution, sales 90. 3 and lease practices with respect to its Class Vehicles, and to remove and replace Plaintiffs and Class Members' AIS with a suitable alternative product; 5 Injunctive relief as plead or as the Court may deem proper; 91. 6 Restitution and all other forms of equitable monetary relief; 7 92. An award of attorneys' fees and costs of suit, including expert witness 93. 8 fees, pursuant to California Code of Civil Procedure Section 1021.5, or any other 9 applicable statute, law, or contract; and 10 Such other relief as may be appropriate under the circumstances. 11 94. 12 **DEMAND FOR JURY TRIAL** 13 Pursuant to Fed. R. Civ. P. 38(b), Plaintiffs demand a trial by jury of 14 95. any and all issues in this action so triable of right. 15 KNAPP, PETERSEN & CLARKE 2009 Dated: December 16 17 18 By 19 Attorneys for Plaintiffs 20 ARUTYUN MARSIKYAN, and PAYAM SAADAT, individually 21 and on behalf of a class of similarly situated individuals 22 23 24 25 26 27 28 -24-

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EXHIBIT 1

DECEMBATION OF A UTRUM MAINIMAN

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PAGE 02

EXHIBIT 2

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	3 4 5	Stephen M. Harris (State Bar No. 110626) smh@kpclegal.com KNAPP, PETERSEN & CLARKE 500 North Brand Boulevard, 20th Floor Glendale, California 91203-1904 Telephone: (818) 547-5000 Facsimile: (818) 547-5329 Robert L. Starr (State Bar No. 183052) starresq@hotmail.com THE LAW OFFICES OF ROBERT L. STARE 23277 Ventura Boulevard Woodland Hills, California 91364-1002 Telephone: (818) 225-9040 Facsimile: (818) 225-9042							
	9 10	Attorneys for Plaintiff ARUTYUN MARSIKIAN, individually and o of a class of similarly situated individuals	n behalf						
	11	UNITED STATES I	DISTRICT COURT						
	12	CENTRAL DISTRICT OF CALIFORNIA							
	13								
	14	ARUTYUN MARSIKIAN, individually and) NO. CV08-04876 AHM (JTLx)						
	15	on behalf of a class of similarly situated individuals,	DECLARATION OF PAYAM SAADAT						
	16	Plaintiff,	{						
	17	v.							
	18 19	MERCEDES BENZ USA, LLC, and DOES 1-500, inclusive,							
		Defendants.	}						
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NAPP, ETERSEN CLARKE

1	I, PAYAM SAADAT, declare	under penalty of perjury as follo)w s:
2	1. I make this decl	aration based upon my personal l	cnowledge except as to those
3	matters stated herein that are	pased upon information and belie	f, which I believe to be true;
4	2. I am over the ag	e of eighteen, a citizen of the Sta	te of California, I reside in
5	Beverly Hills, California, and	I am a named Plaintiff in this lit	gation.
6	3. On or about Jax	uary 17, 2005, I purchased a new	2004 Mercedes Benz S-500
7	from Mercedes-Benz of Beve	rly Hills, in Beverly Hills, Califo	rnia,
8	4. To the best of r	y knowledge, based upon inform	nation and belief, Defendant
9	Mercedes Benz USA, LLC is	a New Jersey Limited Liability (Company, with its principal
10	place of business in Montvale	, New Jersey. Mercedes Benz U	SA, LLC conducts business
11	in the state of California, cou	ity of Los Angeles, and is domic	lled in the state of California
12	at 818 West 7th Street, Los A	geles, California 90017.	
13			
14		of perjury under the laws of the	
15	that the foregoing is true and	correct. Executed this <u>R</u> day o	f November, 2008, in
16	Benefity Hills,	Ealifornia.	
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19		By: U \ A	September 1
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		DECLARATION OF PAYAM SAADAT	
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PETERSEN & CLARKE

PROOF OF SERVICE 1 Marsikian v. Mercedes-Benz USA, LLC CV08-04876 AHM (JTLx) STATE OF CALIFORNIA, COUNTY OF LOS ANGELES: 3 I am employed in the County of Los Angeles, State of California. I am over the age of 18 and am not a party to the within action. My business address is 550 North Brand Boulevard, Suite 1500, Glendale, California 91203-1922. On December 15, 2009, I caused the foregoing document(s) described as PLAINTIFFS' FIFTH AMENDED COMPLAINT FOR: 1. BREACH OF EXPRESS 5 WARRANTIES; 2. VIOLATION OF STATE CONSUMER PROTECTION STATUTES; 3. BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY; DEMAND FOR JURY TRIAL to be served on the interested parties in this action as follows: by placing a true copy thereof enclosed in sealed envelope(s) addressed as stated below: 9 Terri S. Reiskin, Esq. Eric C. Tew, Esq. Derek S. Whitefield, Esq. Naomi A. Carry, Esq. Wallace King Domike & Reiskin, PLLC Dykema Gossett LLP 11 2900 K Street NW 333 South Grand Avenue, Suite 2100 Harbourside, Suite 500 Los Angeles, CA 90071 Washington, DC 20007 Facsimile No.: 213-457-1850; Tel: 213-457-1800 / 213-457-1777; email: dwhitefield@dykema.com; Facsimile No.: 202-204-1001; Tel: 202-204-3748 (Reiskin); 202-204-3714 (Tew); treiskin@wallaceking.com; pcoleman@dykema.com; Attorneys for Defendant Mercedes-Benz USA, LLC etew@wallaceking.com; Attorneys for Defendant Mercedes-Benz USA, LLC 16 Robert L. Starr, Esq The Law Offices of Robert L. Starr 23277 Ventura Boulevard Woodland Hills, California 91364-1002 18 Facsimile: 818-225-9042; Tel: 818-225-9040; Co-Counsel for Plaintiffs 20 BY MAIL: I sealed and placed such envelope for collection and mailing to be X 21 deposited in the mail on the same day in the ordinary course of business at Glendale, California. The envelope was mailed with postage thereon fully 22 prepaid. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal 23 Service on that same day in the ordinary course of business. 24 I declare under penalty of perjury that the foregoing is true and correct. 25 Executed on December 15, 2009, at Glendale, California. 26 Marlinda Ochoa 27 (Signature) (Type or print name) 28